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Speeches and Major Press Releases

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Speeches

U.S. Department of Agriculture • Office of Governmental and Public Affairs

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Remarks prepared for delivery by Secretary of Agriculture Bob Bergland, New York State Fair Farm Dinner, Syracuse, New York, August 27, 1980.

When I tell you I'm happy to be here today, it's the truth. I like state fairs. I like them because state fair time is harvest time. And that's a good time.

When I was farming, it meant the time had come when I wouldn't have to duck and run every time I saw my banker coming down the street.

And if it looked like there might be enough left over after I paid off the banker, it meant the Bergland family could go to the Minnesota State Fair to hear how other farmers were doing, to look at champion livestock, and to salivate over the newest wonders in farm machinery.

But later on, after I became a farm state Congressman and in the job I now hold, I came to appreciate state fairs for another reason.

State fair time may be the only time in the year when city folks get some inkling of just what it takes to put all that food on their tables.

And that's good, because I'm afraid too many Americans are inclined to take this marvelous food production system of ours for granted. I mean, take it for granted in the same way too many of us used to assume that we'd never run short of oil or gas or water or clean air. ✓

So I've come here today for two reasons. A little later on I want to say a few words about New York state's outstanding contribution to our food and agriculture system and about the overall importance of agriculture in the northeast today. But first I want to talk about what it's going to take to keep this food and agriculture system of ours healthy enough and efficient enough and productive enough and rewarding enough to meet the great demands that will be made upon it in the years to come.

Here at home, that system is going to have to feed an additional 80 million Americans over the next 50 years, because there'll be 300 million of us sitting down at the table in the year 2030.

That would be challenge enough. But when we consider what's happening in the way of increased demand from abroad for our farm products, the challenge becomes awesome.

I've said this before: Just as supply, price and distribution of fossil fuel was the big issue of the Seventies, supply, price and distribution of food will be the critical issue of the Eighties and beyond.

Maybe world hunger isn't getting the public attention it once did, but it is no less real and no less explosive.

The causes of hunger, of course, are political, institutional and agricultural--frequently intermixed and always extremely complex.

We've known for years, for instance, that many third world nations have concentrated too much of their development efforts in urban centers, while neglecting agricultural development. And we know that this pattern must be broken.

But today we also have to acknowledge that the inflated costs of energy and technology now make such a switch in priorities more difficult than ever.

What I'm saying is that our moral obligation to offer food aid to the hungry of the world will not only continue for the foreseeable future, but may become even more imperative.

Compounding this challenge are the growing demands from abroad to buy the food we produce. These demands are coming not only from allied or neutral nations but from nations that are our political adversaries.

Labor protests in the Soviet Union as well as in Poland are directly related to food scarcity or food prices and this points up the inadequacies of the food and agriculture systems serving the countries behind the Iron Curtain.

They _____ our farm products.

Let me digress to elaborate on this point:

All of our intelligence sources, press accounts and their own published figures strongly indicate that the Soviets are feeling the impact of the grain sale suspension the President ordered to rebuke them for the invasion of Afghanistan.

It seems to me that lifting the suspension before the Soviets even begin to recant would be seen by the Kremlin as evidence of American greed or weakness of will. We can't afford to send out such a signal,

and there is no good reason why we should. The fact is that despite the loss of the Soviet market our farm product sales abroad will set another new record in 1980, rising to \$40 billion or more.

That figure, my friends, represents by far the largest one-year gain in almost four centuries of American trade in farm products. It marks a 25 percent rise over the record \$32 billion exported last fiscal year, and a 75 percent growth since 1976. This fiscal year, U.S. agricultural trade will produce a surplus of \$22.5 billion, compared with the previous record of \$15.8 billion in fiscal 1979.

Among the most significant growth markets for our farm products are China and Taiwan.

Our agricultural exports to both countries have increased sharply since the normalization of relations with China almost two years ago. The largest gain in U.S. shipments to Taiwan occurred after establishment of U.S.-China diplomatic relations.

Our agricultural exports to Taiwan have trended upward without interruption for over a decade. Since 1972, the year of the Shanghai Communique which established a basis for improved relationships between the United States and China, U.S. farm exports to Taiwan have expanded five-fold. In the year following establishment of U.S.-China diplomatic relations on January 1, 1979, exports to Taiwan climbed by a quarter billion dollars to \$1.1 billion. This year, exports of U.S. farm products to Taiwan are expected again to exceed \$1.0 billion.

After 5 years of an erratic trend, U.S. agricultural exports to China rose steadily beginning in 1977, the year that President Carter reaffirmed the Shanghai Communique. Sales rose from virtually nothing in 1976 to \$66 million in 1977 to \$614 million in 1978 and \$997 million in 1979. U.S. sales to China this year will approach \$2 billion, reflecting a large increase in sales of grain and cotton.

Cotton has played a leading role in the growth of U.S. agricultural exports to China. In 1977, the Chinese imported about \$17.5 million in U.S. cotton, about a quarter of the total value of our agricultural exports to that country. This year, the Chinese are buying about \$710 million worth of American cotton, more than a third of the total value of their expected agricultural purchases from the United States. In the process, China has become the world's largest single buyer of U.S. cotton.

At the same time, U.S. cotton exports to Taiwan have held steady. In 1977, cotton accounted for about one-sixth of the \$473 million of U.S. agricultural products exported to Taiwan that year. In 1980, U.S. growers will export about \$240 million in cotton to Taiwan--a little more than one-sixth of the more than \$1 billion in U.S. farm products to be shipped to that country this year.

The fact is that the transition period in U.S.-China relations (1977-1979) saw sharp increases in U.S. agricultural exports to both Taiwan and China. From 1976 to 1979, U.S. exports to Taiwan more than doubled, moving Taiwan to seventh place among U.S. agricultural markets abroad. China, far down the list in 1976, rose to 11th place in 1979.

From a combined total of only \$476 million in 1976, the two markets now account for close to \$3 billion in U.S. farm product sales.

Now the demand prospects I've outlined make it clear that American agriculture will be moving out of an era of overproduction and surplus disposal problems and into an era where virtually everything we produce will find a market somewhere.

But when we consider whether we can meet that demand, some sobering realities confront us.

Our food and agriculture system is energy, fertilizer, water, technology, land and capital-intensive. Yet most of these resources are now in short supply.

Virtually all of our prime farmland is in production. We have a reserve of some 127 million acres, but putting that to crop would exhaust our safety margin at the very time that we're losing prime land to other uses and losing precious topsoil to erosion.

Furthermore, many expert observers believe we've drawn down our stock of production knowledge and that we can't anticipate any significant production technology breakthroughs in the immediate future.

At the same time, productivity gains from farm consolidation--once a major source of increased productivity--also seem to have been largely realized.

Finally, we seem to have become aware as a nation that meeting food production demand cannot come at the expense of the environment that sustains us and that increasing productivity in food

manufacturing cannot come at the expense of nutritional value, safety or taste.

Obviously, we do not yet know if we can surmount these resource limitations and meet the demand. But there are some encouraging signs that we can--not by turning the clock back to a more primitive system, but by making the best use of what we have, by conserving wherever possible, by turning to techniques such as minimum till and less fertilizing, by taking some pages from the book of organic farming, by going back to dryland crops in water-short areas, and by doing what you have been doing here in the northeast--particularly in making sure that farm land stays in the hands of farmers, and in expanding the range of crops that can be grown on that land.

But resource limitations do not exhaust the range of questions raised about our capacity to meet the demands that will be made upon our food and agriculture system.

Equally as important are the questions raised by the changing structure of American agriculture--the changes in composition and control and ownership and character. Is this evolving new structure **more** resilient, flexible and responsive? Or less? Does it offer more **opportunity** to those who want to enter it? Or less? Does it foster more **competition**? Or less? Does it preserve the values of rural America? Or **does** it erode them? Does it contribute to the economic and the social health of the rural community as a whole? Or does it harm either or both?

The answers to these questions will determine in large part whether our system of agriculture can move into a new era and meet new demands.

To learn the answers, I launched what is called the Structure of Agriculture project early in 1979.

The project has four aims:

The first is to learn what the public believes should be the goals for a national food and agricultural policy. To that end, we held a series of ten hearings throughout the country last year, along with a final session in Washington this spring.

In those hearings we learned that while there was widespread agreement on certain goals, there was widespread disagreement on how to achieve them. And we learned something else. We learned that by

and large people do not consider economic issues apart from social concerns. They see each as part of the whole. So while they're concerned about prices and income, they're also concerned about values, and human relations, and community well-being, and the wise use of our resources.

The second aim of the Structure Project was to conduct a broad program of research to develop new and much more comprehensive information about agriculture and what influences it. Most of this research is being done through USDA's Economics, Statistics, and Cooperatives Service, either by the agency or through contracts with universities.

The third objective is to give government policy--past and present--a close, hard look. We want to find out where it's succeeded, where it's failed, where it has gone against its stated goal, and how it has affected, deliberately or inadvertently, the current structure of American agriculture. There is evidence, for instance, that some policies and programs--price support, credit, tax and regulatory-- which had the stated intent of preserving family farms have had the opposite effect, serving, instead, to accelerate the trend toward fewer and fewer and larger and larger farms.

Finally, the Structure Project aims at taking all of this information, evaluating it, and then drawing upon it to write the 1981 farm bill, for changes in the tax code, and for actions with regard to present and future farm programs.

Let me say a word here about present policy and programs. I happen to believe the policies and programs embodied in the 1977 Food and Agriculture Act--most emphatically including the establishment of the farmer owned grain reserve--are the best we've ever had.

Under these policies and programs, gross farm income, net farm income, farm assets, farm production, consumption and exports have been higher than for any previous comparable period.

For this reason, I would like to see the main provisions of the 1977 Act continued in the 1981 bill. But I would also like to see refinements in that legislation that more clearly recognize the great diversity that exists in American agriculture, that focus more sharply on regional and local problems and opportunities, that enhance greater competition and help lower the entry barriers to farming, and which provide more help

to those who need more help and less to those who don't.

I sincerely believe that the Structure project may prove as pivotal to the future of the American food and agriculture system as energy policy is to the nation's growth potential and defense policy is to national security.

Whatever happens at the polls this November, the findings of the Structure Project will be there for the next administration to use to the nation's benefit--or ignore at its peril.

And now, because you here in the northeast are studying many of the same questions we are looking at in the Structure Project, let me close with some comments about agriculture in your part of the country.

A lot of urban folks who think of agriculture think of grain fields in the Midwest and Great Plains.

Rarely do they think of the dairy farmer in New York state, or the potato grower in Maine, or the poultry producer in Delaware.

But the fact is that the ten states of the northeastern United States are responsible for a fifth of the nation's output of these products. And the farmers of this region have a sizable market for their products--fully one-fourth of the nation's consumers.

New York state alone is the country's third largest producer of dairy products, and grows the second largest apple crop in the nation.

These achievements are as worthy of recognition and appreciation as those of farmers anywhere--perhaps even more so, because farmers here produce their crops and livestock with such little fanfare.

But most encouraging to me is the effort being made in your part of the country to put even more vitality into the agricultural economy.

In much of the Northeast, agriculture has been in decline for 160 years. That pattern has been broken and reversed. The number of farms throughout this part of the country is growing--not shrinking. In state after state, farmers are cleaning out long overgrown fields and reclaiming land that has lain fallow.

Part of the reason is that the high cost of energy has made the price of locally-grown farm products competitive again. So growers are developing marketing cooperatives, establishing relationships with food store chains and experimenting with crops that haven't been grown in this part of the country since early in the 19th century.

This regional initiative recognizes the dependence of the northeastern economy on agriculture. But it goes beyond that. This initiative is focusing hard attention on problems that are common to much of the rest of the country--problems that we are addressing in the Structure of Agriculture project and the National Agricultural Lands study.

The truth is that the Empire State is a microcosm of this kind of long-range planning at work. New Yorkers are considering a number of innovative new ideas--differential tax assessments, for example, that can help young farmers break into the business and keep some valuable farm land from being appropriated for non-farm uses.

I am impressed.

And I am grateful. Because what you are doing here you are doing not only in the best interests of your region, but in the national interest as well.

Thank you.

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Press Releases

U.S. Department of Agriculture • Office of Governmental and Public Affairs

CONSUMER PRICE INDEX FOR FOOD UP 1 PERCENT IN JULY

WASHINGTON, Aug. 22--The seasonally-adjusted consumer price index for food rose 1 percent in July, according to Howard Hjort, USDA's director of economics, policy analysis and budget.

Food eaten away from the home went up only .5 percent while food eaten at home increased 1.2 percent, Hjort said.

The largest increases came in pork (up 3.7 percent), poultry (up 3.2 percent) and fresh vegetables (up 3.0 percent). Eggs, which showed a 3.9 percent decline when seasonally adjusted, registered a 4.3 percent unadjusted increase. These increases came as the initial effects of the recent hot, dry weather on livestock coupled with a seasonal reduction in marketings led to declining supplies at retail.

Because of these factors, it now seems likely that the retail food price increase in 1980 will be in an 8 to 10 percent range, according to Hjort.

Costs for packaging materials and energy, which increased sharply in the first half of the year, are expected to rise more slowly in both the third and fourth quarters as demand slackens.

Hjort said the increases in the farm value of food crops being observed in the second half of 1980 will continue into 1981. This will result in the farm value of foods contributing significantly more to food price rises next year than it has this year, he said.

On the other hand, the general inflation rate in 1981 is expected to decline some from the 1980 level which likely will cause food marketing costs to rise at a lower rate, Hjort said.

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Press Releases

U.S. Department of Agriculture • Office of Governmental and Public Affairs

245 USDA TO CONDUCT FIRE ANT CONTROL PROGRAM [J.

WASHINGTON, Aug. 25--For the first time since 1977 the U.S. Department of Agriculture will participate with affected states in an imported fire ant aerial control program, according to a USDA official.

"Since a new control product--Amdro--has now been conditionally registered by the Environmental Protection Agency for aerial application, the Animal and Plant Health Inspection Service is ready to work with the states in a treatment program to provide relief for residents in infested areas," said Bobby Smith, assistant secretary for marketing and transportation services.

Amdro is the first material registered for fire ant control since EPA withdrew all registratin for mirex in June, 1978. An environmentally safer substitute for mirex has been sought ever since, Smith said.

"We are very pleased with the 98 percent effectiveness of this chemical under most conditions," Smith said. "The USDA was involved in extensive field testing of Amdro and the results have exceeded all expectations.

Seven states have expressed an interest in conducting a cooperative control program on a 50-50 cost-sharing basis: Alabama, 135,000 acres (54,655 hectares); Georgia, 376,000 acres (152,226 ha.); Louisiana, 37,500 acres (15,182 ha.); South Carolina, 25,000 acres (10,121 ha.); and Texas, 400,000 acres (161,943 ha.); for a total of 973,500 (394,129 ha.) to be treated aially.

Two other affected states have elected to conduct ground or hand application programs. North Carolina will treat 2,500 acres (1,012 ha.) with ground equipment and Mississippi will distribute one-pound bags of the new bait to the public.

Smith said USDA participation in fire ant control is limited to providing relief to farmers, landowners and other residents in the infested areas. USDA matches state funds put up for fire ant control and also provides technical assistance in bait application.

Amdro was given conditional registration by EPA on Aug. 19. It is used with soybean oil and corn grits in a bait that worker ants pick up and feed to the queen. When the queen dies, other ants in the mound

soon die too.

Extensive testing has shown the new material does not persist nor accumulate in the environment, Smith said.

The imported fire ant is known throughout nine southeastern states. Although it looks like an ordinary red ant, the fire ant is aggressive and has a vicious sting when disturbed. Human health reactions to ant stings range from discomfort to infection to death.

Colonies of ants build large, dirt mounds in yards, playgrounds, cemeteries and pastures, making use of the land hazardous. Smith said the ants can injure livestock, their mounds damage farm equipment and farm workers often refuse to enter fire ant-infested fields.

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245 USDA TO HELP FINANCE WOOD-BURNING ELECTRIC GENERATING PLANT []

WASHINGTON, Aug. 26--The U.S. Department of Agriculture has agreed to loan \$735,000 to a rural North Carolina electric cooperative to be used to plan and develop a 10,000-kilowatt, wood-fueled generating plant.

In announcing the loan to French Broad Electric Membership Corporation, Marshall, N.C., Secretary of Agriculture Bob Bergland said the financing "paves the way for that state to become one of the first to use waste wood to generate electric power.

"This loan," Bergland said, "is the first that provides money for planning a facility and the first for a facility that uses wood as a fuel to produce electricity."

The plant is estimated to cost \$17 million and will be built near Burnsville in Yancy county, Bergland said.

The wood that will be used annually by the proposed plant has an energy equivalent of 219,000 barrels of oil.

The loan, at 5 percent interest, was signed by REA administrator Robert W. Feragen as part of President Carter's program to promote the use of renewable resources.

Feragen said the preliminary development financed under this loan could be completed in eight to 12 months and the plant could be built and operating by 1984.

"Until now," Feragen said, "rural electric cooperatives used their own funds or money borrowed from private sources to develop plans to determine project feasibility. That practice was changed by REA for projects using renewable resources such as wood-fueled and small scale hydro plants to encourage development of such power sources," he said.

In considering a wood-fueled plant, the cooperative and REA noted large quantities of mill type wood refuse were available from sawmills in the immediate area of the proposed plant. The cooperative has letters of commitment from 24 sawmills in the area to provide 144,000 tons of wood refuse annually, Feragen said.

The wood refuse now is a waste product with almost no value and is an environmental burden, according to Feragen. State-wide, North Carolina has an estimated waste wood supply for 2,000,000 kilowatts of generating capacity, 200 times the capacity of this first pilot plant, he said.

Feragen said wood is an environmentally acceptable fuel, with negligible sulphur content and much lower ash content than coal.

The cooperative serves 24,609 members in portions of four counties in North Carolina and two counties in Tennessee.

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ADDITIONAL WATER SYSTEM IMPROVEMENTS IN DROUGHT AREAS

WASHINGTON, Aug. 26--More than \$5.1 million of federal assistance is being made available to improve 23 rural community water systems in six midwestern and southern states that have run short of water during the summer drought, Secretary of Agriculture Bob Bergland announced today.

The action continues a program ordered by President Carter to provide necessary assistance to drought-affected areas, Bergland said.

Nearly \$9 million of projects to improve deficient rural water systems have previously been announced, and more are expected to be approved at an early date. Improvements to be made include installation of new water-supply wells and new connections between poorly supplied systems and those nearby that have ample water resources.

Loans, supplemented when necessary by grants, are being provided through the Farmers Home Administration, the rural development credit agency of the U.S. Department of Agriculture. FmHA administers the nation's rural water facilities program that supports modernization of water supplies in countryside areas and rural towns of up to 10,000 population.

The following loans approved today are repayable in 40 years with 5 percent interest unless otherwise noted:

Vanndale Birdeye Water Assn., Inc. (Cross county)--\$130,600 loan to install a new water system well. Town of Knobel (Clay county)--\$30,000 loan and \$28,000 grant to install a new water system well. Lyon County Rural Water District No. 1--\$160,000 loan and \$360,000 grant (supplementing a \$300,000 loan previously announced) to build a water connection line to the city of Emporia water system. Neosho County Rural Water District No. 2--\$100,000 loan and \$100,000 grant for a water supply connection to the system

of Rural Water District No. 7 of Neosho county. City of Buffalo (Wilson county)--\$373,000 loan and \$375,000 grant for a water supply line to the city of Altoona. West Winn Water Systems, Inc. (Winn Parish)--\$66,500 loan and \$28,500 grant for a new water system well. Social Spring Water Systems, Inc. (Red River parish)--\$162,000 loan and \$277,700 grant for a new water system for the Social Springs community. East DeSota Water System, Inc. (DeSota parish)--\$75,000 loan and \$25,000 grant for a new water supply line to the city of Mansfield water system. South Grant Water Corp. (Grant parish)--\$90,000 loan and 49,000 grant for a new water system well and storage tank. Dennis Mills Waterworks Assn. (St. Helena parish)--\$68,000 loan and \$68,000 grant for a new well and storage tank. Rural Water District No. 1 Boyd county--\$30,000 loan for a new water system well. Village of Filley (Gage county)--\$150,000 loan and \$240,000 grant for a water transmission line from the city of Beatrice. Rural Water District No. 3 of Stephens county--\$220,000 loan for expansion of an existing system. Harmon Water Corp. (Harmon county)--\$75,000 loan to expand the system's water delivery lines. Rural Water, Sewer & Solid Waste Management District No. 2 of Beckham county--\$83,000 loan and \$66,000 grant to expand the system's water delivery lines. Erick Public Works Authority (Beckham county)--\$250,000 loan for a new well for the town of Erick water system. Canute Public Works Authority (Washita county)--\$300,000 loan for a new well and water transmission line for the town of Canute water system. Concord Robbins Water Supply Corp. (Leon county)--\$120,000 loan and \$197,000 grant for a new water system well. Maxwell Water Supply Corp. (Caldwell county)--\$224,000 loan for additional transmission lines from the water system well. Oak Ridge-South Gale Water Supply Corp. (Grayson county)--\$13,000 loan for 37 years (supplementing \$330,000 loan previously approved) to complete expansion of the pumping station. Pritchett Water Supply Corp. (Upshur county)--\$294,400 loan for addition of a water system well and storage tank. East Lamar Water Supply Corp. (Shelby county)--\$36,700 loan to improve the water distribution system. Olden Water Supply Corp. (Eastland county)--\$100,000 loan for 15 years for a new pumping station and storage tank.

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Press Releases

U.S. Department of Agriculture • Office of Governmental and Public Affairs

U.S. FARM EXPORT RECORD AIDED BY BOOST IN CHINA, TAIWAN SALES

SYRACUSE, N.Y., Aug. 27--Sharply increased sales to China and to Taiwan will help U.S. agricultural exports register the largest one-year gain in almost four centuries of American trade in farm products, Secretary of Agriculture Bob Bergland said today.

Addressing a New York State Fair farm dinner audience, Bergland said U.S. sales abroad will set another new record in 1980, rising to \$40 billion or more.

"Among the most significant growth markets for our farm products are China and Taiwan," Bergland said. "Our agricultural exports to both have increased sharply since the normalization of relations with China."

Bergland pointed out that U.S. shipments to Taiwan increased five-fold after the Shanghai Communique of 1972 opened an opportunity for improved U.S.-China relations.

"In the year following establishment of U.S.-China diplomatic relations, on Jan. 1, 1979," he said, "exports to Taiwan climbed by a quarter billion dollars to \$1.1 billion. This year our farm exports to Taiwan again are expected to exceed \$1 billion."

Bergland said U.S. farm exports to China rose steadily beginning in 1977, the year President Carter reaffirmed the Shanghai Communique.

"Sales to China rose from virtually nothing in 1976 to \$66 million in 1977 to \$614 million in 1978 to \$997 million in 1979," Bergland said. "U.S. sales to China this year will approach \$2 billion, reflecting a large increase in cotton exports and substantial sales of grain."

Bergland said total U.S. farm exports this year will be 25 percent greater than the record \$32 billion exported last fiscal year, would represent a 75 percent growth since 1976, and would produce an agricultural trade surplus of \$22.5 billion.

"The (domestic and foreign) demand prospects I've outlined," Bergland told his farm audience, "make it clear that American agriculture will be moving out of an era of overproduction and surplus disposal problems and into an era where virtually everything we produce will find a market somewhere."

He praised northeastern agriculture for responding to the demand challenge, noting that farmers in the ten states that make up the region already produce for a fourth of the nation's consumers.

"New York state alone," he said, "is the country's third largest producer of dairy products and grows the second largest apple crop."

But, Bergland said, most encouraging is the region's efforts to "put even more vitality into the agricultural economy."

"The number of farms throughout this part of the country is growing, not shrinking," he said. "In state after state, farmers are cleaning out long overgrown fields and reclaiming land that has lain fallow.

"Part of the reason is that the high cost of energy has made the price of locally-grown farm products competitive again. So growers are developing marketing cooperatives, establishing relationships with food store chains and experimenting with crops that haven't been grown in this part of the country since early in the 19th century."

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Press Releases

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²⁴⁵ HJORT DISCUSSES FARM CASH INCOME, FARM PROSPECTS FOR 1980 [1-3].

WASHINGTON, Aug. 27--Farmers' net cash income, a measure of cash flow in the farm sector, is forecast to show a 10 to 12 percent decline in 1980, ²the U.S. Department of Agriculture's chief [economist] said today.

¹¹"Total cash receipts, including government payments, are forecast to reach above \$142 billion in 1980, up about 5 percent from the previous record of \$136 billion set last year. But cash expenses are forecast to increase about \$10 billion from 1979, more than offsetting the \$6 billion gain in receipts," [Howard W. Hjort] told state committee members and state executive directors of the Agricultural Stabilization and Conservation Service meeting here.

"Producers of meat animals and eggs will experience most of the decline while dairy, grain and cotton producers--except for those in areas hardest hit by this summer's hot, dry weather--will show the best economic performance in 1980."

Hjort also said that net farm income--the traditional measurement of farm income prospects--would be about a quarter to a fifth below the final 1979 estimate of about \$32 billion.

"Considering recent crop and livestock market conditions, 1980 net farm income, including the forecast value of the inventory change could range between \$24 and \$26 billion. However, because actual data on 1980 farm marketings will not be available until next summer, we will not have our final estimate until that time," Hjort said.

"The major source of these sharp percentage declines in net farm income is the abnormally large increase in the inventories of farm commodities at the end of 1979. The value of the inventory change is included in the national income accounts, published by the U.S. Department of Commerce, even though farmers have not actually received cash income from them.

"The \$32-billion figure for 1979 and the projected \$24 to \$26 billion for 1980 reflect the traditional measurements of net farm income," Hjort said. "There has been no redefinition of this concept. It continues

to allow for the value of dwellings, depreciation, crop and livestock inventories. But this concept does not reflect producers' cash flow which is especially critical in times of rapidly rising input costs."

"This year, cash receipts from marketings indicate many producers sold inventories they had from earlier crops this year, thereby helping to boost 1980's total cash income to \$142 billion. Cash expenses for the farm sector are estimated to be \$109 billion in 1980, compared to \$99 billion in 1979," he said.

But Hjort said it is difficult to find a way to accurately portray in detail the economic well-being of various groups of farmers and more clearly indicate the performance of the farm sector in general.

"Since 1978, USDA's Economics, Statistics and Cooperatives Service has been involved in an effort to establish a set of accounts which would more accurately reflect economic conditions in farm sectors. They considered reviews of concepts and procedures we use to estimate farm income by economists' associations, special task forces, the General Accounting Office and others.

"Based upon these groups' recommendations and 18 months of research, USDA is planning to report the first of the new accounts in September. These new account will report income estimates by size of farm, by state and contain various income measures including a cash flow analysis and returns to farm operators. They also will provide information on the wealth positions of agriculture and farmers through balance sheet information.

"These reports will present performance measurements such as the rate of return on investment and productivity of the farm sector," Hjort said.

"The information contained in the new accounts reports will not replace the traditional farm income statistics. We will continue to report those traditional measurements of the economic well-being of farmers. But, the new accounts reports will provide a clearer perspective on farmers' financial positions by making additional data available," Hjort said.

Hjort said the principal factors affecting U.S. agriculture for the balance of the year will be crop prospects here and in the rest of the world. "World crop production is likely to increase this year. However, unusual weather conditions in this country are pushing crop yields

below trend for the first time in three years.

"As a result of this summer's hot, dry weather, farmers and ranchers in more than a third of this country's 3,091 counties are now eligible for Farmers Home Administration's emergency loans. Emergency feed assistance programs are now underway in some 660 counties across the country while emergency conservation measures are operating in 42 counties."

"Prices for farm commodities have strengthened as a result of reduced crop and livestock prospects. And while producers in areas not affected by the unfavorable weather will benefit from them, consumers will see the higher farm prices reflected in retail food prices."

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